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PROGRAM TITLE : ECONOMIC PROBLEMS NO. M-6
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A.: TEN MINUTES ON ECONOMICS. "Positive and negative features of the new Labour Regulations". You will now hear a commentary by Imre Kőmives.

N.: Several weeks have passed since the publication of the new draft Labor Code. In many plants the workers and employees are arguing about the good and bad sides of this new regulation. The first thing which is characteristic in the new regulation of work conditions, which has only been published in the form of a draft so far, is its vagueness. The draft is so laconic and it gives so little explanation and details on the individual questions that there is very great uncertainty among the workers over many of its aspects, and even the experts do not quite know where they stand. Maybe even the drafters of the planned law do not know themselves.

Most arguments and most insecurity are evident concerning terminations. The new ruling eliminates the legal penalties affecting the workers who terminate their employment themselves and who find other jobs. According to existing regulations such workers could get no higher wages in their new jobs for a long time and they were also at a disadvantage concerning bonuses, vacation and other privileges after having changed their place of work. According to the new draft code, every worker can leave his job after two weeks' resignation period, and he can accept work at better conditions than his old job at his new place of work. This is certainly a positive feature in the new draft. It is also a positive feature that the new regulation also makes it possible to agree on a longer than two weeks' termination period and wages to be paid for more than 15 days where it is not a case of wanting to leave his job but of the employer dismissing him. This termination period extending from 15 days to a maximum of 6 months is only due

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if this has been agreed on in advance in the work contract or if this advantage is assured to workers with a longer period of employment in a collective contract. It is therefore a very important task of the Trade Unions not to forget this point when making the collective contracts and to see that every worker who has worked for an enterprise more than 1 year should get not only 15 days severance pay but more every year, according to the period of employment. It is important to declare this in a collective agreement because when people are terminated en masse the workers looking for new work will hardly be able to negotiate a longer termination period (when starting their work). They will be glad to get any work at all. In the collective agreement the TUs could obtain this advantage for the workers in any case. It would be wrong, incidentally, if the heads of enterprises would oppose the inclusion of this longer termination period into the collective agreement because this privilege would induce many workers to think twice before relinquishing this right acquired with one firm, and they would not resign so easily. They would resign only if they earned poorly and if they were offered essentially better work conditions and incomes in another job.

It is another essential feature of the new regulation that it renounces the principle of "equal wages for equal work" which the old Labour Code had established as a basic Socialist principle. Now it can happen in practice that a worker in a well-functioning plant can earn far more than one working in a badly functioning plant working with a deficit. In enterprises operating profitably the workers get more not only in the form of shares of income but the wages too can be raised from the participation fund. With enterprises working badly there will be no share in profit and no way to raise the wages out of any participation fund either.

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It is probable that the workers would not like to stay with such enterprises any longer, they will use the opportunity of a 15 day resignation period and they will try to find plants and jobs paying better and guaranteeing better living conditions. The big question is what will happen to such badly working enterprises? The employees can not be forced to go on struggling on the sinking boat, but can a society calling itself "socialist" afford to have badly earning enterprises fail and go bankrupt? The plant regulations published by the Economic Committee reckon with such possibilities. The firms working with constant losses will be taken over by a rehabilitation committee and if this does not succeed in making the firm sound with a reconstruction plan, then it will be disbanded. When all is said and done, there will be a healthier selection process, the weaker ones, the firms operating under unfavorable conditions and circumstances will have to go. Only the viable, the well-organized and competitive firms will remain on the scene. This process might be a healthy one even in a Socialist system but only if at the same time legal measures are taken to provide for the workers and employees, for those who have temporarily lost their jobs in consequences of this selection and who are unable to find new ones for the time being. There are several possibilities for this. One of these would be to assure a longer termination period as discussed above, or the enterprises which might be disbanded in the course of economic rehabilitation could pay the workers proper severance pay out of company funds, or else, and this would be the most essential, to establish unemployment benefits. In the more developed states of the West the workers get all this, however, it seems that even in the new draft labor code Hungarian labor law has forgotten regular aid for workers who have lost their jobs through no fault of their own. Now, while the debates go on there are still opportunities to make up for these deficiencies; a longer termination time, support in case of economic rehabilitation of the firm, and the assuring of unemployment benefit. This would make the new Labor Code much more valuable and more worthy of the labor plan of a modern industrial state. Pertinent matters could be assured in the collective agreements. Naturally, beside financial support a systematically organized labor exchange (service) and, whenever necessary, free re-training are also needed not only in mining but in all fields.

There is much insecurity concerning the social benefits as well. At present all plants are according their workers welfare benefits at a reduced price; such as for example vacations, meals at the plant, (various) aids, benefits and other similar services. According to the new regulations these services too should be paid out of the common fund.

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the old labor law for example prescribed the workers' feeding in the plant as obligator, according to the new labor draft the plants are not bound to give their workers cheap meals. Instead the situation is that well-earning plants will have the possibility to continue paying social benefits and these may even exceed the present measures and can be extended to other fields as well, for example to the granting of house building loans; but in the badly functioning plants the workers will not get any of this. Thus, in this line too positive and negative features are intertwined. It would be very important for both the TUs and the individual workers when making their remarks and suggestions concerning the labor code draft to try to strengthen the positive features of the draft and to reduce the negative features to a minimum. Especially the collective contracts give opportunities to defend the workers' interests as far as possible whether concerning the wage items to be used by the firms, or the termination period, or the extra allotments or in other fields.